

MEGA CONGLOMERATE (PRIVATE) LIMITED

FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED
June 30, 2016**

GF 7 - 10, Karachi Dock Labour Board (K.D.L.B.) Building, 58 West Wharf Road, Karachi.

Chartered Accountant

7th Floor, Adamjee House,
I.I. Chundrigar Road, Karachi-74000 Pakistan.


Auditors' Report to the Members

I have audited the annexed Balance Sheet of Mega Conglomerate (Private) Limited. ("the company") as at 30th June, 2016 and the related Profit & Loss Account together with the notes forming part thereof, for the year then ended and we state that I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purposes of my audit.

It is the responsibility of the company's management to establish and maintain control, and prepare and present the above said statements in conformity with the approved Accounting Standards and the requirements of the companies' ordinance 1984; my responsibility is to express an opinion on these statements based on my audit.

I have conducted my Audit in accordance with the auditing standards as applicable in Pakistan. These standards require that I had plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. I believe that our audit provides reasonable basis for my opinion and, after due verification, I report that:

- a) In my opinion, proper books of accounts have been kept by the Company as required by the companies' ordinance, 1984;
- b) In my opinion:
 - I. The Balance Sheet, Profit & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - II. The expenditure incurred during the year was for the purpose of the company's business; and
 - III. The business conducted, Investments made and the expenditure incurred during the year was in accordance with the objects of the Company;
- c) In my opinion, except for the matter referred to in note 2(b) of the Financial Statement, and to the best of my information and according to the explanations given to me, the Balance Sheet, Profit & Loss Account together with the notes forming part thereof, confirm with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the of the state of Company's affairs as at 30th June, 2016 and of the profit of the year then ended; and
- d) In my opinion, no Zakat was deductible under Zakat and Ushr Ordinance, 1980 (XV111 of 1980).


Mohammad Bilal & Co.
Chartered Accountant
Karachi.

Dated: 08 OCT 2016

Mega Conglomerate (Private) Limited
 Balance Sheet
 As at June 30, 2016

EQUITY AND LIABILITIES

Equity

Share capital
 Unappropriated profit

| | Note | Amount in Rs. June 30, 2016 | Amount in Rs. June 30, 2015 |
|-------------------------------------|------|-----------------------------------|-----------------------------------|
| 4 | | 1,170,161,600 | 1,170,161,600 |
| | | 466,398 | 579,598 |
| | | 1,170,627,998 | 1,170,741,198 |
| Due to Associated Undertaking | 7.2 | 13,744,000 | - |
| Current liabilities | | | |
| Due to Associated Undertaking | 7.1 | 68,260,784 | - |
| Other Payables | 8 | 13,200 | - |
| Total equity and liabilities | | <u>1,252,645,982</u> | <u>1,170,741,198</u> |

Total equity and liabilities

ASSETS

Non-current assets
 Long term investment

Current assets
 Other Receivables
 Cash and bank balances

Total Assets

| | | |
|---|----------------------|----------------------|
| 5 | 1,179,046,100 | 1,129,316,100 |
| 6 | 68,260,784 | - |
| | 5,339,098 | 41,425,098 |
| | <u>1,252,645,982</u> | <u>1,170,741,198</u> |

The annexed notes form an integral part of these financial statements.



Chairman



Director

Mega Conglomerate (Private) Limited
 Profit & Loss Account
 For the year ended June 30, 2016

| | Amount in Rs. June 30, 2016 | Amount in Rs. June 30, 2015 |
|--|-----------------------------------|-----------------------------------|
| Net sales | - | - |
| Cost of goods sold | - | - |
| Gross profit / (Loss) | - | - |
| Legal & Professional Charges | (113,200) | - |
| Operating profit / (Loss) | (113,200) | - |
| Other Income | - | - |
| Profit / (Loss) before taxation | (113,200) | - |
| Provision for taxation | - | - |
| Profit / (Loss) after taxation | (113,200) | - |
| Unappropriated profit / (Loss) brought forward | 579,598 | 579,598 |
| Unappropriated profit / (Loss) carried forward | <u>466,398</u> | <u>579,598</u> |

The annexed notes form an integral part of these financial statements.



Chairman



Director

Mega Conglomerate (Private) Limited
Statement of Changes in Equity
For the year ended June 30, 2016

| | Share Capital | Unappropriated profit / (loss) | Total |
|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | -----Amount in Rs.----- | | |
| Balance as on 01 July 2014 | 1,170,161,600 | 579,598 | 1,170,741,198 |
| Profit / (loss) for the period | - | - | - |
| Issuance of Share Capital | - | - | - |
| Balance as on 30 June 2015 | <u>1,170,161,600</u> | <u>579,598</u> | <u>1,170,741,198</u> |
| Balance as on 01 July 2015 | 1,170,161,600 | 579,598 | 1,170,741,198 |
| Profit / (loss) for the period | - | (113,200) | (113,200) |
| Issuance of Share Capital | - | - | - |
| Balance as on 30 June 2016 | <u>1,170,161,600</u> | <u>466,398</u> | <u>1,170,627,998</u> |

The annexed notes form an integral part of these financial statements.


Chairman


Director

Mega Conglomerate (Private) Limited

Cash Flow Statement

For the year ended June 30, 2016

| | Amount in Rs. June 30, 2016 | Amount in Rs. June 30, 2015 |
|--|-----------------------------------|-----------------------------------|
| Cash flow from operating activities | | |
| Profit / (loss) before taxation | (113,200) | - |
| Adjustment for non cash charges and other items | | |
| Less: Dividend receipt of Associated Company | - | - |
| | <u>(113,200)</u> | <u>-</u> |
| Working capital changes | | |
| <i>(Increase) / decrease in current assets</i> | | |
| Other Receivables | (68,260,784) | - |
| <i>Increase / (decrease) in current liabilities</i> | | |
| Due to Associated Undertaking | 68,260,784 | - |
| Other Payables | <u>13,200</u> | <u>-</u> |
| Net cash generated from operations | <u>(100,000)</u> | <u>-</u> |
| Taxes paid | - | - |
| Net cash generated from operating activities | <u>(100,000)</u> | <u>-</u> |
| Cash flow from investing activities | | |
| Purchase of Shares | <u>(49,730,000)</u> | <u>36,256,000</u> |
| Net cash used in investing activities | <u>(49,730,000)</u> | <u>36,256,000</u> |
| Cash flow from financing activities | | |
| Due to Associated Undertaking | <u>13,744,000</u> | <u>-</u> |
| | <u>13,744,000</u> | <u>-</u> |
| Add: Dividend receipt of associated company | - | - |
| Net cash generated from investing activities | <u>13,744,000</u> | <u>-</u> |
| Net increase in cash and bank balances | <u>(36,086,000)</u> | <u>36,256,000</u> |
| Cash and bank balances at beginning of the period | <u>41,425,098</u> | <u>5,169,098</u> |
| Cash and bank balances at end of the period | <u><u>5,339,098</u></u> | <u><u>41,425,098</u></u> |

The annexed notes form an integral part of these financial statements.



Chairman



Director

Mega Conglomerate (Private) Limited
Notes to the Financial Statements
For the year ended June 30, 2016

1 STATUS AND NATURE OF BUSINESS

Mega Conglomerate (Private) Limited was incorporated in Pakistan as a private limited company on 08 June, 2010 under the Companies Ordinance, 1984 with registered office GF 7-10, KDLB Building West Wharf Road 58, Karachi, Sindh. The principal activity of the Company is wholesaler, retailer and trading business.

2 BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting & Financial Reporting Standards for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan. Whenever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities & Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

b) Going Concern Assumption

The accounts have been prepared in accordance with going concern assumption basis mainly on account of investments made in various business ventures through injection of share capital from its shareholders during the period under review, for further investment in different subsidiaries/associated concern to improve the operation.

c) Basis of measurement

These financial statements have been prepared on historical cost basis.

d) Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

e) Accrual basis of accounting

These financial statements have been prepared under the accrual basis of accounting.

f) Standards, interpretations & amendments to the approved accounting standards that are not yet effective

The applicable standards have been adopted by the Company. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Taxation

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and taxes paid under the Final Tax Regime. The charge for current tax includes adjustments to charge for prior years, if any. The group has been obtained certificate under section 59AA for relief in taxation

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held with banks.

3.3 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.4 Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each balance sheet date.

a) Held-to-maturity

These are investments with fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs.

b) Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "Trade debts", "Advances, deposits and other receivables" and "Cash and bank balances" in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method.

c) At fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognized directly in profit and loss account. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account. The Company has not classified any financial asset as held for trading. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

d) Available-for-sale

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale investments are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until (i) the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognised in the profit and loss account and removed from the available-for-sale reserve.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Revenue from sale of goods is measured net of sales tax, returns, trade discounts and volume rebates, and is recognised when significant risks and rewards of ownership are transferred to the buyer, that is, when deliveries are made and recovery of the consideration is probable.

Revenue for local services is based on pre-announced rate schedule and is recognized when the services are rendered.

Interest on bank deposits is accrued on a time proportion basis taking into account the effective yield on deposits.

3.6 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates approximating those prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevalent at the balance sheet date. Foreign exchange gains and losses on translation are included in profit and loss account.

3.7 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.8 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.9 Provisions, contingent assets & contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent assets are not recognised and are also not disclosed unless an inflow of the economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

3.10 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in profit and loss account.

4 SHARE CAPITAL

| 2016 | June 30, 2016 | June 30, 2015 |
|---|--------------------------|--------------------------|
| <i>No of shares</i> | <i>Amount in Rs.</i> | <i>Amount in Rs.</i> |
| <u>130,000,000</u> <i>Authorised capital</i> Ordinary shares of Rs 10/- each | <u>1,300,000,000</u> | <u>1,300,000,000</u> |
| <u>117,016,160</u> <i>Issued, subscribed & paid up capital</i> Ordinary shares of Rs 10/- each | <u>1,170,161,600</u> | <u>1,170,161,600</u> |
| | June 30, 2016 | June 30, 2015 |
| | <i>Amount in Rs.</i> | <i>Amount in Rs.</i> |

5 LONG TERM INVESTMENT

| | | | |
|---|-----|----------------------|----------------------|
| Long term investment - available for sale | | | |
| VMFG (Private) Limited | 5.1 | 898,546,100 | 848,816,100 |
| G4 Mega Pakistan (Private) Limited | 5.2 | 280,500,000 | 280,500,000 |
| | | <u>1,179,046,100</u> | <u>1,129,316,100</u> |

5.1 Held 89,881,734 ordinary shares of Rs.10/- each (100%) as on June 30, 2016 (June 30, 2015: 84,881,734, 94.437%)

5.2 Held 28,050,000 ordinary shares of Rs.10/- each (100%) as on June 30, 2016 (June 30, 2015: 28,050,000, 100%)

| | June 30, 2016 | June 30, 2015 |
|----------------------------|-------------------|------------------|
| 6 OTHER RECEIVABLES | | |
| Receivables from Directors | 68,260,784 | - |
| | <u>68,260,784</u> | <u>-</u> |

During the year, the Company has given loan to director for a very short time period with provisional profit/mark-up at 1 month

| | | |
|--|-----|-------------------|
| 7 DUE TO ASSOCIATED UNDERTAKING | | |
| Received during the Year | | 82,004,784 |
| Less : Payable during the year | 7.1 | 68,260,784 |
| | 7.2 | <u>13,744,000</u> |

7.1 During the year, the Company has obtained loan from associated company for a very short time period with provisional profit/mark-up at 1 month KIBOR.

7.2 It is the interest free receipt which has been provided by the associated undertaking and the amount will be paid back in due course.

| | June 30, 2016 | June 30, 2015 |
|-------------------------|------------------|------------------|
| 8 Other Payables | | |
| Auditors Fees | 10,600 | - |
| Statutory Filing Fees | 2,600 | - |
| | <u>13,200</u> | <u>-</u> |

9 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 08 OCT 2016

10 GENERAL

Figures have been rounded off to the nearest rupees.


Chairman


Director